

ISSUE

Does the organization described below, which conducts genealogical activities primarily for members of a particular family, qualify for exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code?

FACTS

The organization was formed to locate, acquire, restore, and preserve all available genealogical records of a particular family. Membership in the organization is limited to lineal or legal descendants of the family.

The organization's primary activity is the compilation of genealogical data on its members. This data is recorded and documented, held for use by members, and presented to designated libraries. Copies of the genealogical data are made available for a fee to any interested individuals, generally family members, who request such data. The organization utilizes the data in preparing and publishing volumes of family history. Other activities of the organization include holding periodic reunions for family members and sponsoring an occasional social activity.

The genealogical data is not developed for the express purpose of conforming to the religious precepts of the denomination to which family members belong.

Income is derived from fees charged for the reproducing, shipping, and handling of genealogical data and from contributions raised at social functions.

LAW

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest.

Section 1.501(c)(3)-1(d)(3) of the regulations defines the term 'educational' as including the instruction or training of the individual for the purpose of improving or developing his capabilities, or the instruction of the public on subjects useful to the individual and beneficial to the community.

Rev. Rul. 71-580, 1971-2 C.B. 235, holds that a nonprofit organization formed by members of a particular family to compile genealogical research data on the family in order to perform

religious ordinances of the religious denomination to which the family members belong is exempt from federal income tax under section 501(c)(3) of the Code.

Rev. Rul. 80-301, page 6, this Bulletin, holds that a genealogical society whose membership is open to all persons in a particular area and that provides instruction in genealogical research techniques is operated exclusively for educational purposes and qualifies for exemption under section 501(c)(3) of the Code.

The Callaway Family Association, Inc. v. Commissioner, 71 T.C. 340 (1978), held that a family association formed as a nonprofit organization to study immigration to and migration within the United States by focusing on its own family history and genealogy does not qualify for exemption under section 501(c)(3) of the Code. The association's activities included researching the genealogy of its members for the ultimate purpose of publishing a family history. The court stated that the association's family genealogical activities were not insubstantial and were not in furtherance of an exempt purpose. Rather, they served the private interests of the members. Thus, the association was not operated exclusively for exempt purposes. See also Benjamin Price Genealogical Association v. United States, Civil No. 78-2117 (D.D.C., April 26, 1979).

ANALYSIS

Compilation, publication, preservation, and distribution of genealogical data has some educational value to the individual members. However, when these activities are primarily limited to one particular family the activities do not advance education to benefit the public interest within the meaning of section 1.501(c)(3)-1(d)(1)(ii) of the regulations. Any benefit to the general public is merely incidental to the private benefit accruing to family members.

Similar to the organizations described in the Callaway and Price cases, the instant organization is formed primarily for members of a particular family who focus in on their own genealogy with limited public orientation. The Supreme Court in Better Business Bureau v. United States, 326 U.S. 279 (1945), held that the presence of a single non-educational purpose will destroy exemption regardless of the number of truly educational purposes. Since more than an insubstantial part of the organization's activities are in furtherance of private interests it is not operated exclusively for educational purposes. Such activity is not insubstantial and is not in furtherance of an exempt purpose under section 501(c)(3) of the Code.

Rev. Rul. 80-301 is distinguishable from the instant case because the organization described therein provided instruction in genealogical research techniques to any interested member of the general public. On the other hand, the instant organization was

formed to compile genealogical data on and promote social activities among its family members, and its membership is limited to members of a particular family.

Rev. Rul. 71-580 is also distinguishable because the genealogical research data in the instant ruling is not compiled in order to perform religious ordinances in accord with the precepts of the religious denomination to which the family members belong.

Compare Rev. Rul. 67-8, 1967-1 C.B. 142, which holds that an organization formed to bring the members of a particular family into closer association through social activities revolving around matters of common genealogical and historical interest may qualify for exemption under section 501(c)(7) of the Code.

HOLDING

An organization that conducts genealogical activities primarily for members of a particular family, under the circumstances described above, does not qualify for exemption from federal income tax under section 501(c)(3) of the Code.

EFFECT ON OTHER REVENUE RULINGS

Rev. Rul. 71-580 and Rev. Rul. 80-301 are distinguished.